

NEWS FROM ED MARKEY

United States Congress

Massachusetts Seventh District

FOR IMMEDIATE RELEASE

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BAKER BOTTS REPORT ON FREDDIE MAC SHOWS SERIOUS ACCOUNTING PROBLEMS

WASHINGTON, D.C. – Representative Edward J. Markey (D-MA), a senior Democratic Member of the House Energy and Commerce Committee's Subcommittee on Commerce, Trade and Consumer Protection, and lead cosponsor of H.R. 2022, a bill to repeal the SEC registration exemption for Freddie Mac and Fannie Mae, today issued the following statement in reaction to the release of the Baker Botts report:

"This report provides a detailed and unflattering picture of the serious accounting and financial disclosure problems that have forced Freddie Mac to have to restate its earnings for the last three years.

"It raises some very serious questions about the nature and adequacy of internal controls at Freddie Mac, repeated failures to comply with relevant accounting standards, and inadequate disclosure to investors regarding Freddie Mac's use of derivatives and of its reserve accounts to manipulate reported earnings.

"Yesterday our Subcommittee began the process of reviewing the facts and circumstances surrounding these events. I think we need to next hear from Jim Doty and his team of investigators, as well as from Freddie Mac's current and former senior management, and from Freddie Mac's Board, about the transactions discussed in the Baker Botts report. I look forward to working with Chairman Stearns, Chairman Tauzin, and Representatives Dingell and Schakowsky as our Committee's inquiry proceeds."

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